

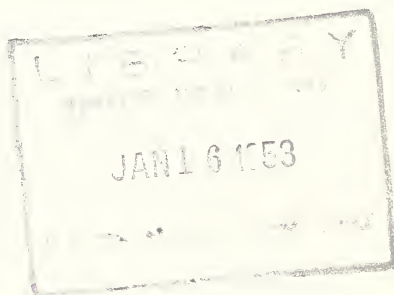
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**REPORT OF THE MANAGER  
OF THE  
FEDERAL CROP INSURANCE  
CORPORATION, 1952**



**UNITED STATES DEPARTMENT OF AGRICULTURE**



# Report of the Manager of the Federal Crop Insurance Corporation, 1952

UNITED STATES DEPARTMENT OF AGRICULTURE,  
FEDERAL CROP INSURANCE CORPORATION,  
Washington, D. C., October 15, 1952.

HON. CHARLES F. BRANNAN,  
*Secretary of Agriculture.*

DEAR MR. SECRETARY: I present herewith the Annual Report of the Federal Crop Insurance Corporation for the fiscal year 1952. This report summarizes the Corporation's activities for the crop year 1951 and the early season activities for the crop year 1952.

Sincerely yours,

JOHN W. BRAINARD,  
*Manager.*

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## ALL-RISK CROP INSURANCE

The role of crop insurance in strengthening the ability of farmers to maintain abundant production for the Nation is well illustrated by analysis of the effect and source of the nearly \$42,000,000 of indemnities paid by the Federal Crop Insurance Corporation. This sum includes indemnities that were paid in 1951 and are being paid in 1952.

Total indemnities for these 2 years were paid to thousands of farmers who, through crop failure or damage, lost all or part of the money spent to produce their crops. The indemnities came from the premiums paid by these and other farmers for insurance to protect their crop investment against loss from the many unavoidable production risks.

By its very nature crop insurance is designed to backstop our farm production plant at the points where it is weakened most—where the farmer has little or no production to sell. The bolstering of weakened financial positions and credit to the extent of \$42,000,000 is a significant 2-year contribution to the Nation's agricultural economy and doubly so when it represents money that would not have been available for this purpose if it had not been paid by farmers for this protection.

The story of the need for crop insurance and why it was started by the Government after years of discussion of that need is told again by these crop disasters that destroyed many farmers' crops and threatened vastly greater damage to our total farm production.

In 1951, the year for which this report gives the Federal Crop Insurance Corporation's operating experience, three crop production catastrophes dealt severe financial blows to thousands of farmers. Drought in the Southwest spread to other major wheat-producing areas. Excessive rains caused floods in the Midwest and did serious damage to crops far beyond the flooded areas. Killing frosts did heavy damage to the corn crop which on many farms had been planted late as a result of excessive moisture at planting time.

In 1952, although final experience figures are not yet available, the devastating droughts of the thirties which provided the final impetus toward starting a Government crop insurance program were recalled to mind as drought destroyed or damaged many crops and threatened to extend its destruction over larger areas. For the second straight year, drought held in its grip parts of the old Dust Bowl area of the thirties. Later, drought spread over much of the spring wheat area and threatened crop disaster to the entire State of North Dakota before the rains came to salvage some production. Finally, drought spread over most of the Southern States doing tremendous damage to crops and pastures.

It was to cushion the shock of such disasters that the crop insurance program was started back in 1939—to make available insurance that would enable farmers to survive such crop disasters without the necessity for relief spending and financing that otherwise would be necessary.

How crop insurance policies enable farmers to continue their efforts to contribute toward the growing demands for food and fiber is graphically illustrated when crop disaster strikes a county 2 years in a row. Runnels County, Tex., offers such an example. The devastation of drought in this county for the past 2 years has been so severe that without crop insurance many farmers would have been forced to quit farming and others could have continued only if considerable relief assistance and extensive Government credit had been made available. With crop insurance protection, these insured farmers are still able to try again in 1953 despite their severe financial reverses. Credit is still available to these producers at least to the extent that they can provide security through collateral assignments of their insurance indemnities to creditors in the event of another crop loss.

The need for crop insurance from a farmer's viewpoint is as old as farming itself. In farming more than any other enterprise in which many men invest their labor, money, and ingenuity to reap a reasonable return, there exists a greater element of risk than the operation

will fail because of factors over which the individual has no control. The threat of unfavorable weather, insect pests, and plant diseases is ever present and too often exacts a large share of the expected returns from the farmer's investment and efforts.

Crop insurance is designed specifically to protect the money invested in crops against those unavoidable crop production hazards. It becomes a working partner with the American farmer in his effort to produce the food and fiber of this Nation. It permits him to plant, care for, and harvest a crop with the assurance that the money and effort invested in producing a crop will not be lost because of conditions over which he has no control.

The effect of such protection on the security and financial strength of the individual farmer is obvious. In addition to providing the means by which many farmers with limited resources are able to continue in the farming business when crop failure occurs, it also cushions the effect of these crop failures on many other people whose economic well-being is either directly or indirectly dependent on the farmer's economic health.

In years of crop failures such as occurred in some areas in 1952, the strong need for emergency and relief financing is easily understood. Yet despite the recognized benefits derived from such assistance, it is at best a temporary assist to that farmer who is faced with financial loss. Where widespread crop failure occurs crop insurance is a healthy substitute for relief measures. Also, in areas where crop failure is not general crop insurance becomes the only source of assistance to that individual whose crop is destroyed.

Since many normally productive and successful farming operations are conducted on a credit basis, crop insurance further aids the farmer by strengthening his credit through the use of the collateral assignment. Many insured farmers are able to negotiate loans which would otherwise be difficult or impossible to obtain. More and more, bankers and other financial leaders serving farmers and the community are recognizing the collateral value of crop insurance to themselves and the farmers.

The stabilizing effect of crop insurance does not stop with the individual farmer. It has long been recognized that the economy of the entire community, indeed the economy of the Nation, is to a great degree interdependent with the economy of farmers. This view is strongly supported by experience and observations in counties where crop failure strikes. There we see clearly the impact of loss of farm income on the economy of the community. Without the expected returns from their production efforts farmers are unable to purchase the services, materials, and other items of trade provided by local businessmen. It requires little imagination to project this picture for the local community to include the entire Nation in order to appreciate the combined effect of widespread crop losses on the total national economy.

For the 1952 crop year insurance is provided in a total of 874 counties which includes 390 counties for wheat, 59 counties for flax, 98 counties for cotton, 82 counties for tobacco, 99 counties for corn, 30 counties for dry edible beans, 115 counties for multiple crop, and 1 county for citrus crops. The location of these counties in which farmers now have the benefits of crop-insurance protection is shown in figure 1.



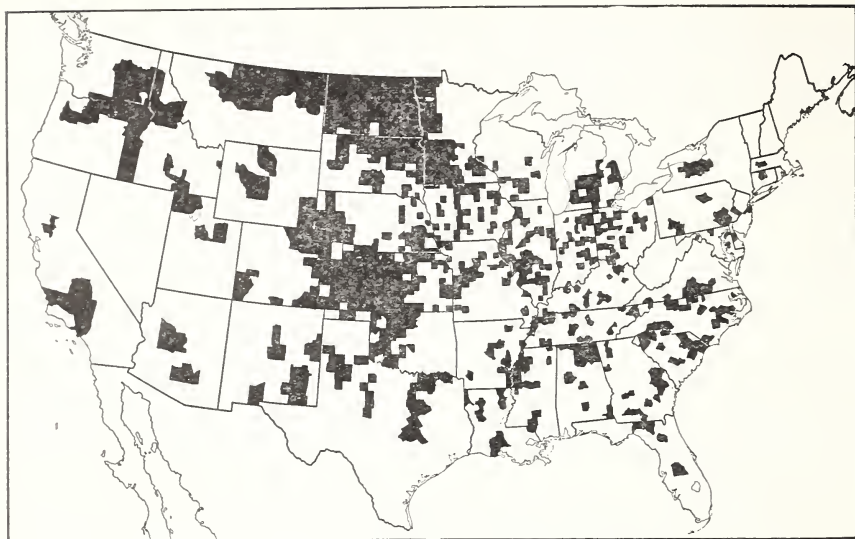


FIGURE 1.—Location of counties in which 1952 crop insurance programs are operating.

The present legislative authority under which the program has expanded from 375 counties in 1948 to 937 scheduled for 1953 operations extends only through 1953. Expansion of crop insurance protection to additional counties after 1953 will require new legislation.

Service of the crop insurance program to individual farmers, their business communities and the Nation can be expanded in two ways—by extending the program to additional counties and by increasing the number of farmers in the county who make this basic crop investment protection an established part of their annual farming operations.

### THE 1951 CROP YEAR EXPERIENCE

Under the 343,211 contracts in force in 1951 in 810 counties the Corporation had a total liability of approximately 315 million dollars. For the protection provided under these contracts farmers paid in premiums a total of 19.4 million dollars. Indemnities totaling 21.4 million dollars were paid to 58,811 insured farmers for crop losses. The indemnities exceeded the premium income by about 2 million dollars or 10 percent. This experience was consistent with the 1951 crop conditions which prevailed in the counties where crop insurance programs operated.

In four of the eight crop insurance programs in operation in 1951—wheat, corn, beans, and multiple crop—indemnities exceeded the premium income. The fact that the wheat insurance program is included in this group had a significant effect on the over-all experience for the year inasmuch as the wheat premiums accounted for more than half the total premium income. The other four programs—cotton, flax, tobacco, and citrus—operated with premium balances. The following tabulation shows the 1951 experience for all programs:



Program:	Premiums	Indemnities	Loss ratio
Wheat-----	\$11, 263, 599	\$11, 738, 328	1. 04
Flax-----	465, 190	226, 198	. 49
Cotton-----	2, 699, 974	2, 213, 204	. 82
Tobacco-----	1, 600, 004	783, 968	. 49
Corn-----	1, 109, 956	2, 566, 469	2. 31
Beans-----	193, 299	598, 027	3. 09
Multiple crop-----	1, 987, 052	3, 235, 222	1. 63
Citrus-----	81, 614	0	. 00
Total-----	19, 400, 688	21, 361, 416	1. 10

The underwriting experience for the years 1948, 1949, 1950, and 1951 for all programs is summarized in table 1 and experience for 1951 is shown for the various programs in the next eight sections of this report.

### Wheat Insurance

The crop year 1951 was the twelfth year of insurance on wheat and only the second time since 1945 that the program showed a deficit for the year's operation. Total premiums for the 1945-51 period exceeded indemnities by a substantial amount.

In the 356 counties where the program operated in 1951, there were 105,746 farmers insured. The total protection provided was about \$131,400,000. Premiums amounted to approximately \$11,200,000 and indemnities were about \$11,700,000, leaving a deficit for the year of about \$500,000.

Although the 1951 wheat crop, as a whole, approached the record crop harvested in 1950 in both acreage and production, the per acre yields showed wide variations in the 356 crop insurance counties. Winter wheat was sown in the fall of 1950 under generally favorable conditions, including ample subsoil and surface moisture. However, lack of rain after October 1 and until well into 1951 throughout the southern Great Plains caused surface soils to become dusty and dry and wheat suffered severe damage from winterkill and green bugs. Heavy crop insurance losses occurred in this area as well as in the Kansas-Missouri area, where excessive rains and floods took a heavy toll. In the spring wheat area, the acreage harvested and the total production were above average so that the favorable loss experience in this area offset to a great extent the heavy losses paid in most of the winter wheat areas. Details of the 1951 wheat insurance experience are shown in table 2, by States, with the 1950 experience also included for comparison.

The 1952 wheat crop insurance program is essentially a continuation of the 1951 program. Because of budgetary limitations the program has been expanded to only 34 new counties for 1952. The location and distribution of the 390 counties for 1952 are shown in figure 2. In 1952 the total wheat premiums will amount to approximately \$12,500,000. It is not yet possible to forecast accurately the losses for 1952. However, many indemnities will be paid for drought damage in the Southwest Plains area and the northern part of the spring wheat area.

TABLE 1.—*Federal crop insurance experience, summary of all programs, 1948-51*

[As of June 30, 1952]

Program and crop year	Counties with insur- ance program	Con- tracts in force <sup>1</sup>	Crop planted and premium earned						Loss ratio
			Farms <sup>1</sup>	Indem- nities	Insured acreage <sup>2</sup>	Maximum liability <sup>3</sup>	Premiums	Indemni- ties	Surplus or deficit
			Number	Number	Acres	Dollars	Dollars	Dollars	
Wheat:									
1948-----	200	84,990	64,687	9,929	6,514,839	84,555,300	8,580,359 <sup>4</sup>	5,009,638	3,570,721
1949-----	199	58,881	52,436	17,822	7,759,861	83,531,127 <sup>5</sup>	7,712,413	11,209,170	-3,496,757
1950-----	283	84,816	75,606	12,303	8,921,637	95,867,408	8,394,168	4,287,651	4,106,517
1951-----	356	105,746	91,115	27,062	11,118,278	131,381,664	11,263,599	11,738,328	-474,729
Flax:									
1948-----	48	16,782	13,977	1,931	753,650	13,571,842	1,546,506	795,096	751,410
1949-----	48	19,267	13,747	2,599	683,443	7,783,550	882,223	543,009	339,214
1950-----	63	20,847	14,013	1,473	642,942	4,998,815	496,333	205,289	291,044
1951-----	61	19,788	12,939	1,860	592,962	4,697,620	465,190	226,198	238,992
Cotton:									
1948-----	53	19,479	18,022	2,615	681,742	22,119,049	1,410,530	605,256	805,274
1949-----	52	26,667	24,719	9,515	976,263	26,716,527	1,580,299	3,112,719	-1,532,420
1950-----	80	63,969	56,658	31,245	1,172,345	33,362,633	1,837,537	5,150,497	-3,312,960
1951-----	101	57,715	44,694	8,150	1,578,046	42,905,091	2,699,974	2,213,204	486,770
Tobacco:									
1948-----	32	31,622	30,826	1,930	136,199	21,332,610	655,422	284,751	370,671
1949-----	35	35,026	34,416	3,644	129,402	22,378,996	740,512	489,000	251,512
1950-----	52	71,898	67,847	7,688	270,775	47,738,169	1,462,120	886,348	575,772
1951-----	69	76,426	67,658	4,885	271,175	50,348,960	1,600,004	783,968	816,036
Corn:									
1948-----	36	14,141	14,118	310	752,478	11,166,114	435,189	74,398	360,791
1949-----	44	19,607	19,497	548	1,079,336	16,683,098	586,690	95,069	491,621
1950-----	73	32,292	30,828	4,005	1,302,480	20,125,508	740,681	910,645	-169,964
1951-----	98	37,568	34,536	8,224	1,686,175	27,779,969	1,109,956	2,566,469	-1,456,513

Dry edible bean:	1948-----	4	1,444	1,423	1,577	76	37,505	754,065	32,396	9,338	23,058	.29
	1949-----	9	2,909	2,758	3,184	323	102,561	1,737,270	94,943	61,152	33,791	.64
	1950-----	18	5,138	4,576	5,203	1,070	107,569	2,292,927	103,425	187,395	-83,970	1.81
	1951-----	29	9,457	6,896	8,052	1,554	189,859	3,961,019	193,299	598,027	-404,728	3.09
	Multiple crop:											
Multiple crop:	1948-----	2	714	699	824	11	45,616	586,979	23,766	1,387	22,379	.06
	1949-----	7	2,722	2,717	3,028	110	336,417	4,098,315	136,549	22,099	114,450	.16
	1950-----	55	27,725	27,197	32,251	4,062	2,228,974	36,304,967	1,268,456	1,175,124	93,332	.93
	1951-----	95	36,220	33,593	39,854	7,076	4,495,573	52,711,121	1,987,052	3,235,222	-1,248,170	1.63
	Citrus: 1951-----	1	291	291	291	0	7,583	1,137,450	81,614	0	81,614	.00
Total all pro-												
grams:												
Other income and expense, net, 1948-51-----	1948-----	375	169,172	143,752	194,153	16,802	8,922,029	154,085,959	12,684,168	6,779,864	5,904,304	.53
	1949-----	394	165,079	150,290	198,664	34,561	11,067,283	162,928,883	11,733,629	15,532,218	-3,798,589	1.32
	1950-----	624	306,685	276,725	361,503	61,846	14,646,722	240,690,427	14,302,720	12,802,949	1,499,771	.90
	1951-----	810	343,211	291,722	383,173	58,811	19,939,651	314,922,894	19,400,688	21,361,416	-1,960,728	1.10
Total oper-												
ating results,												
1948-51-----												
</												

TABLE 2.—*Wheat crop insurance experience, by States, 1950-51*

[As of June 30, 1952]

State and crop year	Counties with insurance program	Con-tracts in force <sup>1</sup>	Crop planted and premium earned										Loss ratio
			Con-tracts <sup>1</sup>		Indem-nities	Insured acreage <sup>2</sup>	Maximum liability <sup>3</sup>	Premiums	Indem-nities	Surplus or deficit			
			Number	Farms <sup>1</sup>							Dollars	Dollars	
California:	Number	Number	Number	Acres	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars		
1950-----	5	411	327	552	169	133,717	2,035,137	196,266	167,672	28,594	0.85		
1951-----	7	485	330	713	561	158,763	2,523,835	283,751	1,268,938	-985,187	4.47		
Colorado:													
1950-----	9	1,487	1,337	2,152	405	278,999	2,037,440	223,993	280,721	-56,731	1.25		
1951-----	12	2,568	2,260	3,614	1,320	547,617	3,699,322	437,042	936,844	-499,802	2.14		
Idaho:													
1950-----	7	736	657	931	21	93,382	1,511,863	75,261	5,797	69,464	.08		
1951-----	7	712	622	895	64	98,391	1,847,234	84,567	30,475	54,092	.36		
Illinois:													
1950-----	11	4,618	3,716	4,681	994	112,225	1,360,854	91,895	96,462	-4,567	1.05		
1951-----	19	10,356	8,303	10,839	1,630	257,009	3,357,711	230,344	184,847	45,497	.80		
Indiana:													
1950-----	12	4,304	3,647	4,403	443	81,944	1,126,994	52,432	44,914	7,518	.86		
1951-----	16	5,636	4,497	5,472	2,413	100,486	1,535,553	71,897	306,874	-234,977	4.27		
Kansas:													
1950-----	40	8,334	7,639	12,154	1,285	1,076,224	7,252,721	686,466	306,392	380,074	.45		
1951-----	52	10,779	9,736	15,913	5,684	1,517,011	10,085,203	958,601	2,046,872	-1,088,271	2.14		
Maryland:													
1950-----	2	592	514	579	20	20,202	211,165	7,517	1,155	6,362	.15		
1951-----	2	583	464	517	16	16,898	185,782	7,625	1,335	6,290	.18		
Michigan:													
1950-----	8	2,338	1,961	2,269	204	28,503	480,766	16,474	14,858	1,616	.90		
1951-----	11	3,484	2,962	3,473	250	54,401	828,454	28,027	22,987	5,040	.82		





TABLE 2.—*Wheat crop insurance experience, by States, 1950-51—Continued*  
[As of June 30, 1952]

State and crop year	Con- tracts in force <sup>1</sup>		Farms <sup>1</sup>		Indem- nities		Insured acreage <sup>2</sup>		Maximum liability <sup>3</sup>		Premiums		Indem- nities		Surplus or deficit		Loss ratio	
	Number	Number	Number	Number	Number	Number	Acres	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars		
Texas:																		
1950-----	14	3,110	2,345	2,909	1,589	313,662	1,987,415	1,987,415	249,987	749,884	499,897	3.00						
1951-----	14	3,202	2,270	2,899	2,046	290,761	2,208,501	2,208,501	246,246	924,383	-678,137	3.75						
Utah:																		
1950-----	2	350	299	337	30	36,234	624,060	624,060	18,080	29,975	-11,895	1.66						
1951-----	2	390	321	363	26	46,976	939,131	939,131	26,254	33,618	-7,364	1.28						
Washington:																		
1950-----	10	1,590	1,490	2,431	66	704,091	9,877,997	9,877,997	381,744	30,317	351,427	.08						
1951-----	12	1,873	1,653	2,645	95	803,576	13,286,770	13,286,770	465,041	84,321	380,720	.18						
Wyoming:																		
1950-----	3	330	306	456	54	57,331	472,482	472,482	53,926	23,368	30,558	.43						
1951-----	3	357	316	479	41	59,000	495,927	495,927	50,952	25,552	25,400	.50						
Indemnities payable: <sup>4</sup>																		
1951-----					11										14,387	-14,387	-----	-----
Totals:																		
1950-----	283	84,816	75,606	107,102	12,303	8,921,637	95,867,408	95,867,408	8,394,168	4,287,651	4,106,517	.51						
1951-----	356	105,746	91,115	129,863	27,092	11,118,278	131,381,664	131,381,664	11,263,599	11,738,328	-474,729	1.04						

<sup>1</sup> The number of contracts on which a premium was earned is less than the number of contracts in force because farmers in some years do not plant any acreage of wheat. The number of farms is larger than the number of contracts because a farmer's contract includes all his insurable farms in the county. The figure representing num-

ber of farms includes duplication where both landlord and tenant are insured.

<sup>2</sup> Includes duplication where both landlord and tenant are insured.

<sup>3</sup> Based on the coverage for harvested acreage.

<sup>4</sup> Estimated.



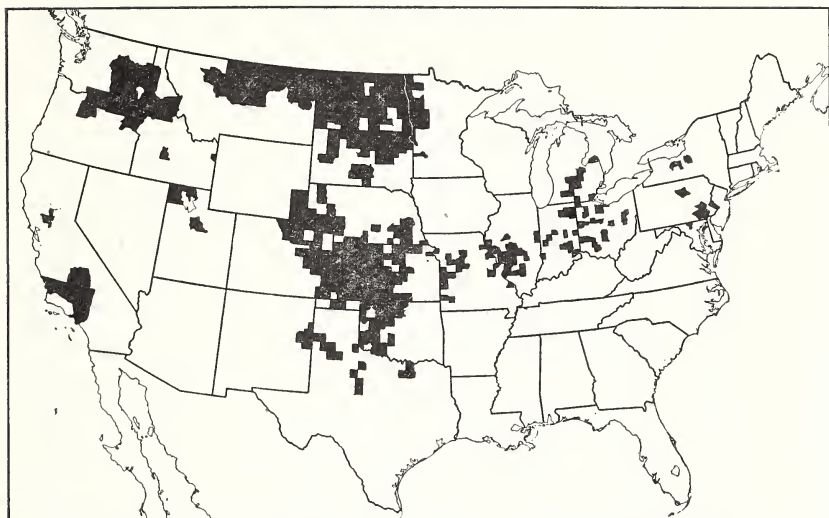


FIGURE 2.—Location of 1952 wheat insurance counties.

### Flax Insurance

The 1951 crop year was the seventh year of operation for the flax insurance program and despite an unfavorable harvesting season, indemnities amounted to less than one-half the premium income. Premiums have exceeded indemnities in this program every year except one. The principal flax-growing area is confined to the three States—Minnesota, North Dakota, and South Dakota. Since the major flax-producing counties now have insurance, it is not possible to expand this program to many additional counties. The program operated in 61 counties in 1951 with 19,788 farmers insured. Flax was also insured in 29 additional counties under the multiple insurance program along with other crops. Details of the 1951 flax insurance experience are shown in table 3, by States.

Several additional years of loss experience have been incorporated into county flax premium rates effective for the 1952 crop year. Generally this has resulted in more favorable premium rates for most counties. The location of 1952 flax insurance counties is shown in figure 3.

Despite severe drought conditions in North Dakota during the early 1952 growing season, it is anticipated that total indemnities for 1952 will not exceed the total premiums.

### Cotton Insurance

The 1951 crop year was the ninth year of insurance on cotton and again reflects the improvement which has been made in this program in recent years. This experience is closely in line with what could be expected under the crop conditions which prevailed in the counties where the program operated.

In 1951 there were 57,715 farmers insured in the 101 counties where cotton insurance was available. These contracts provided \$42,900,000 of insurance protection. Indemnities totaling 2.2 million dollars, 82

TABLE 3.—*Flax crop insurance experience, by States, 1950-51*

[As of June 30, 1952]

State and crop year	Counties with insurance program		Con-tracts in force <sup>1</sup>		Crop planted and premium earned							Surplus or deficit		Loss ratio
	Number	Number	Number	Farms <sup>1</sup>	Indem-nities	Insured acreage <sup>2</sup>	Maximum liability <sup>3</sup>	Premi-ums	Indem-nities	Dollars	Dollars	Dollars	or deficit	
Iowa:														
1950-----	1	135	97	106	0	2,578	34,053	2,842	0	2,842	0	2,842		0
1951-----	1	121	73	78	7	2,008	27,664	2,328	1,800	528	1,800	528		.77
Kansas: 1950-----	2	224	38	47	27	775	4,004	570	1,249	-679	1,249	-679		2.19
Minnesota:														
1950-----	36	12,784	7,980	9,332	1,033	304,211	2,849,794	262,262	148,629	113,633	148,629	113,633		.57
1951-----	34	12,033	7,289	8,569	1,312	269,420	2,546,185	238,626	153,678	84,948	153,678	84,948		.64
North Dakota:														
1950-----	18	5,438	4,066	5,215	255	252,568	1,536,587	161,247	37,011	124,236	37,011	124,236		.23
1951-----	18	5,083	3,579	4,567	277	222,064	1,420,548	137,244	37,785	99,459	37,785	99,459		.28
South Dakota:														
1950-----	6	2,266	1,832	2,326	158	82,810	574,377	69,412	18,400	51,012	18,400	51,012		.27
1951-----	8	2,551	1,998	2,607	262	99,470	703,223	86,992	32,740	54,252	32,740	54,252		.38
Indemnities payable: <sup>4</sup>					2				195	-195				
Totals:														
1950-----	63	20,847	14,013	17,026	1,473	642,942	4,998,815	496,333	205,289	291,044	205,289	291,044		.41
1951-----	61	19,788	12,939	15,821	1,860	592,962	4,697,620	465,190	226,198	238,992	226,198	238,992		.49

<sup>1</sup> The number of contracts on which a premium was earned is less than the number of contracts in force because farmers in some years do not plant any acreage of flax. The number of farms is larger than the number of contracts because a farmer's contract includes all his insurable farms in the county. The figure representing

number of farms includes duplication where both landlord and tenant are insured.

<sup>2</sup> Includes duplication where both landlord and tenant are insured.

<sup>3</sup> Based on the coverage for harvested acreage.

<sup>4</sup> Estimated.

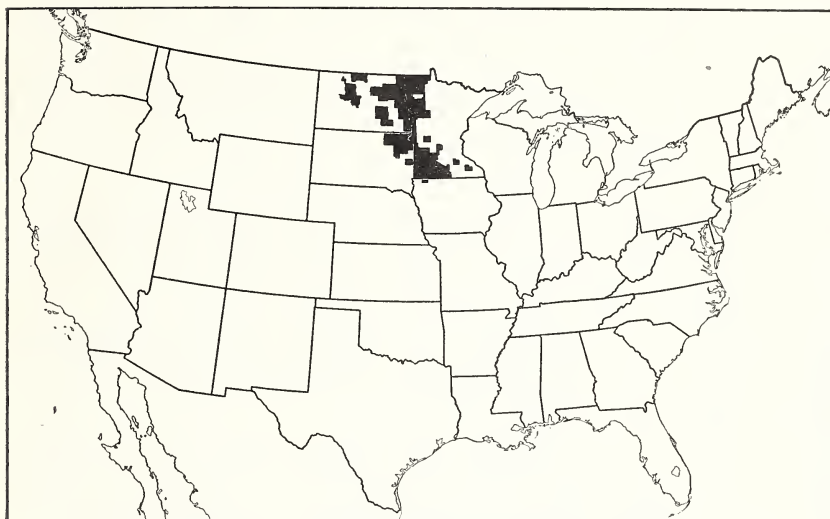


FIGURE 3.—Location of 1952 flax insurance counties.

percent of the premium income, were paid to 8,150 farmers for crop losses. In nine of the twelve cotton insurance states premiums exceeded indemnities, but the other three experienced excessive rains and insect infestation to a degree almost equaling the 1950 experience. Details of the 1951 cotton insurance experience are shown in table 4, by States, with 1950 data included for comparison.

The 1952 premium income will be about 2.1 million dollars, and indications are that 1952 indemnities will be well below this figure. The location of counties in which cotton insurance is provided for 1952 is shown in figure 4.

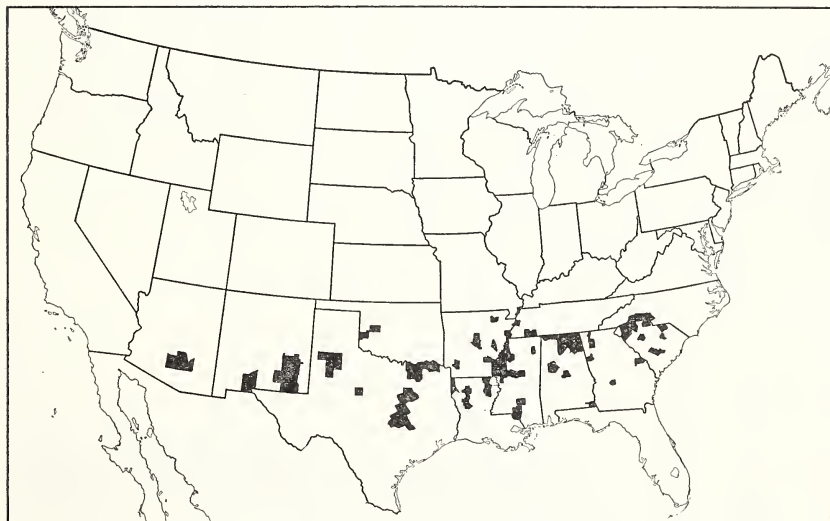


FIGURE 4.—Location of 1952 cotton insurance counties.

TABLE 4.—*Cotton crop insurance experience, by States, 1950-51*

[As of June 30, 1952]

State and crop year	Counties with insurance program	Crop planted and premium earned									
		Con-tracts in force <sup>1</sup>		Farms <sup>1</sup>		Indem-nities		Insured acreage <sup>2</sup>		Maximum liability <sup>3</sup>	
		Number	Number	Number	Number	Number	Acres	Dollars	Dollars	Dollars	Dollars
Alabama:											
1950	9	17,967	15,610	19,680	10,883	185,776	6,684,411	244,906	1,478,589	-1,233,683	6.04
1951	12	18,319	13,783	16,530	1,635	194,132	8,489,559	376,730	146,910	-229,820	.39
Arizona:											
1950	1	82	56	76	1	13,793	828,795	33,481	5,533	27,948	.17
1951	1	41	29	43	0	13,673	1,032,352	35,655	0	35,655	0
Arkansas:											
1950	8	5,550	4,654	6,124	1,604	117,337	2,992,517	166,654	263,776	-97,122	1.58
1951	9	3,965	2,807	3,637	1,155	96,565	2,433,610	132,227	288,964	-156,737	2.19
Georgia:											
1950	6	2,975	2,651	2,981	1,171	44,833	1,419,364	70,036	171,394	-101,358	2.45
1951	7	2,700	1,850	2,068	160	29,667	983,138	56,927	17,544	39,383	.31
Louisiana:											
1950	7	1,780	1,424	1,766	647	25,752	808,927	66,178	77,278	-11,100	1.17
1951	8	1,797	1,368	1,620	153	31,353	1,145,193	92,202	13,307	78,895	.14
Mississippi:											
1950	13	12,615	11,264	12,605	3,893	207,471	7,488,948	505,605	708,923	-203,318	1.40
1951	16	5,196	3,922	4,264	1,054	100,964	4,814,487	304,781	463,105	-158,324	1.52
New Mexico:											
1950	2	523	499	676	53	32,061	1,854,655	116,199	28,449	87,750	.24
1951	3	833	756	1,019	8	66,766	5,083,019	271,746	99,110	172,636	.36
North Carolina:											
1950	4	6,328	5,905	7,215	4,759	76,735	2,315,542	90,900	826,896	-735,996	9.10
1951	6	6,327	4,773	5,610	275	64,682	1,981,636	100,288	19,423	80,865	.19
Oklahoma:											
1950	2	491	332	450	442	5,320	110,835	13,957	79,770	-65,813	5.72
1951	2	391	144	195	113	4,209	99,584	15,662	23,019	-7,357	1.47





TABLE 5.—*Tobacco crop insurance experience, by States, 1950-51*

[As of June 30, 1952]

State and crop year	Countries with insurance program	Crop planted and premium earned										Loss ratio
		Con-tracts in force <sup>1</sup>		Farms <sup>1</sup>		Indem-nities	Insured acreage <sup>2</sup>	Maximum liability <sup>3</sup>	Premiums	Indemni-ties	Surplus or deficit	
		Number	Number	Number	Dollars							
Connecticut:	Number	Number	Number	Number	Acres	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	
	1	840	767	871	70	6,770	2,542,710	124,031	54,977	69,054	0.44	
1950-----	1	881	716	808	194	5,908	2,244,991	108,659	247,685	-139,026	2.28	
1951-----												
Florida:												
1950-----	2	1,802	1,688	1,853	118	5,315	865,335	28,102	16,099	12,003	.57	
1951-----	3	1,282	1,114	1,271	11	4,653	807,026	25,522	1,139	24,383	.04	
1952-----												
Georgia:												
1950-----	5	3,187	3,013	3,752	907	9,886	1,807,679	71,968	154,535	-82,567	2.15	
1951-----	7	3,105	2,906	3,822	297	12,188	2,045,320	87,203	50,462	36,741	.58	
1952-----												
Kentucky:												
1950-----	10	9,560	8,962	13,291	3,330	22,652	3,641,012	132,589	263,392	-130,803	1.99	
1951-----	14	11,615	9,875	14,581	950	25,766	4,944,649	182,105	81,287	100,818	.45	
1952-----												
Massachusetts:												
1950-----	1	332	303	335	33	2,001	776,824	37,845	11,961	25,884	.32	
1951-----	1	322	288	307	17	1,516	611,336	29,934	10,772	19,162	.36	
1952-----												
North Carolina:												
1950-----	12	23,749	23,115	31,151	422	121,080	21,014,765	556,440	112,355	444,085	.20	
1951-----	16	21,110	19,834	27,133	824	118,415	21,359,047	583,083	127,694	455,389	.22	
1952-----												
Ohio:												
1950-----	1	888	840	1,022	184	1,820	502,350	12,846	15,160	-2,314	1.18	
1951-----	1	1,034	930	1,152	21	2,352	411,488	16,468	1,307	15,161	.08	
1952-----												
Pennsylvania:												
1950-----	1	1,650	1,519	1,889	82	10,307	1,521,383	44,538	13,499	31,039	.30	
1951-----	1	1,581	1,319	1,594	150	8,253	1,346,873	38,667	20,826	17,841	.54	
1952-----												



[illegible]

<sup>1</sup> The number of contracts on which a premium was earned is usually less than the number of contracts in force because farmers in some years do not plant any acreage of tobacco. The number of farms is larger than the number of contracts because a farmer's contract includes all his insurable farms in the county. The figure

representing number of farms includes duplication where both landlord and tenant are insured.

<sup>2</sup> Includes duplication where both landlord and tenant are insured.

<sup>3</sup> Based on the coverage for harvested acreage.

<sup>4</sup> Estimated.

### Tobacco Insurance

The 1951 crop year was the seventh year of tobacco insurance. There were 69 county programs operating with 76,426 contracts providing insurance protection of more than \$50,000,000. Premiums earned under these contracts were about \$1,600,000. Indemnities of \$784,000, 49 percent of the premiums, were paid. Since 1945, when this program was started in 13 counties, the premium income has substantially exceeded indemnity payments every year except 1947 when they were in approximate balance. In 1951 only 8 of the 69 counties operated with indemnities exceeding premiums. Details of the 1951 tobacco insurance experience are shown in table 5, by States, with the 1950 experience included for comparison.

The 1951 tobacco crop was of average quality with near normal yields. Except for substantial damage in Hartford County, Conn., resulting from a severe hail and wind storm, and in Maury County, Tenn., because of early drought followed by excessive rain, no area or type of tobacco suffered abnormal damage. For the 1952 crop year 13 new counties were added to the tobacco crop insurance program and 76,973 contracts are in force. The location of these counties is shown in figure 5.

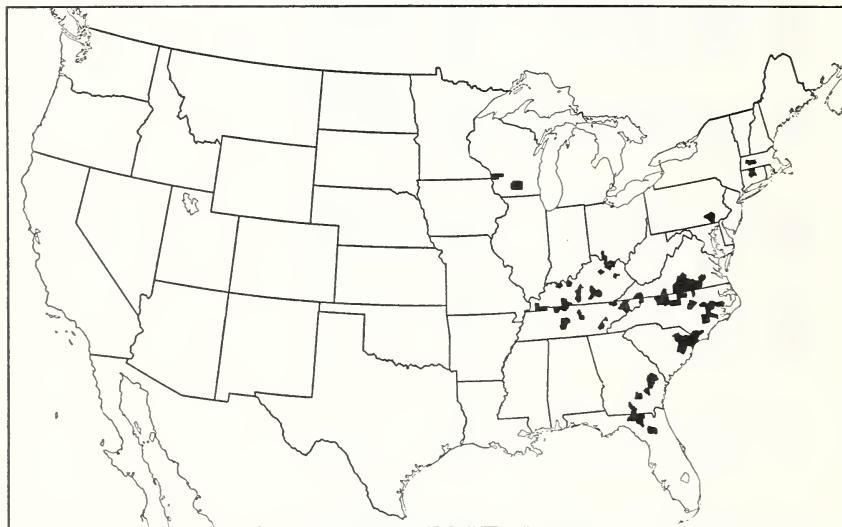


FIGURE 5.—Location of 1952 tobacco insurance counties.

Thus far the 1952 crop year has been notable for a belt-wide drought which has adversely affected production over the entire area. Although the drought together with the usual hazards normally encountered each year are expected to result in the payment of the largest indemnity in the history of the tobacco program, it is anticipated that this indemnity will not exceed the premium income.

### Corn Insurance

The 1951 crop year was the seventh year of operation of the corn insurance program. Started in 1945 in 15 counties, it was gradually expanded to 98 counties for the 1951 crop year. During this 7-year

period the experience under the corn crop insurance program has been generally the kind of experience that could be expected under the crop conditions which have prevailed.

In 1951 there were 37,568 corn insurance contracts in force providing approximately \$27,800,000 of insurance protection. Indemnities of about \$2,500,000 were paid to 8,224 farmers. The greater part of these losses occurred in the States of Iowa, Minnesota, South Dakota, and Wisconsin and resulted from heavy frost damage to both the quantity and quality of production. Less severe losses occurred in parts of Illinois, Kansas, Missouri, and North Dakota. Excessive moisture delayed the planting of many corn crops and was followed by cool, rainy weather throughout much of the growing season. This further retarded the maturing of these crops so that the September frost resulted in widespread losses. Details of the experience under the corn crop insurance program are shown in table 6, by States, with the 1950 experience included for comparison.

Only one additional county was added to the corn crop insurance program for 1952. The 36,598 insured farmers will pay premiums of about \$1,400,000, and it appears that there will be few losses. The location of the 1952 counties is shown in figure 6.

### Dry Edible Bean Insurance

Insurance on dry edible beans was begun in 1948 in 4 counties and has been gradually expanded to 29 counties in 1951. The 9,457 farmers whose bean crops were insured in 1951 had insurance protection of about \$4,000,000 for which they paid \$193,000 in premiums. Indemnities were about \$600,000.

Indemnities under the bean insurance contracts were heaviest in Nebraska, where hail, early frost, and unfavorable harvesting weather severely damaged the crop. The Southwest area again suffered from drought. Details of the 1951 bean crop insurance experience are shown

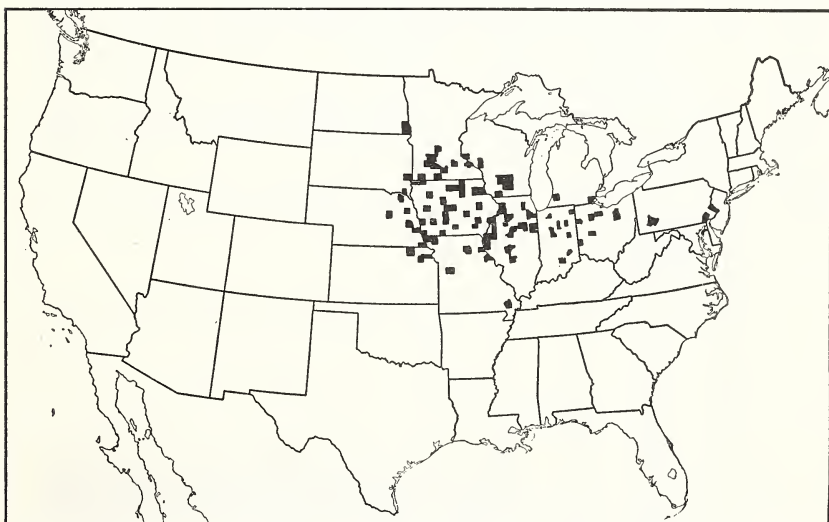


FIGURE 6.—Location of 1952 corn insurance counties.

TABLE 6.—*Corn crop insurance experience, by States, 1950-51*

[As of June 30, 1952]

State and crop year	Counties with insurance program	Con-tracts in force <sup>1</sup>	Crop planted and premium earned								Loss ratio
			Con-tracts <sup>1</sup>	Farms	Indem-nities	Insured acreage <sup>2</sup>	Maximum liability <sup>3</sup>	Premiums	Indem-nities	Surplus or deficit	
	Number	Number	Number	Number	Acres	Dollars	Dollars	Dollars	Dollars	Dollars	
Illinois:	10	4,734	4,580	5,690	215	223,849	3,750,654	138,651	62,582	76,069	0.45
1950-----	16	5,283	4,929	6,210	672	287,139	5,107,490	198,902	295,251	-96,349	1.48
Indiana:	6	1,542	1,432	1,788	165	44,034	858,031	28,731	30,388	-1,657	1.06
1950-----	9	2,820	2,598	3,509	263	98,856	1,973,580	73,390	48,013	25,377	.65
Iowa:	16	8,385	8,011	9,505	358	403,003	5,980,140	186,345	79,869	106,476	.43
1950-----	26	10,387	9,676	11,707	2,403	573,600	9,244,947	309,603	822,963	-513,360	2.66
Kansas:	3	857	813	1,103	13	33,673	301,480	22,483	1,485	20,998	.07
1950-----	3	682	589	811	278	25,439	239,850	18,001	47,594	-29,593	2.64
Maryland:	1	367	345	385	0	13,697	185,915	4,609	0	4,609	.00
1950-----	1	350	318	372	3	17,753	239,878	5,907	721	5,186	.12
Michigan:	2	507	455	528	58	8,634	147,042	4,413	5,073	-660	1.15
1950-----	2	610	481	573	64	9,235	158,832	4,808	7,190	-2,382	1.50
Minnesota:	8	5,060	4,871	5,582	627	198,843	3,117,268	99,876	148,186	-48,310	1.48
1950-----	9	5,118	4,723	5,583	1,272	239,003	3,908,407	140,127	503,111	-362,984	3.59
Missouri:	6	1,701	1,604	2,056	13	67,056	853,885	50,000	1,108	48,892	.02
1950-----	7	1,568	1,322	1,664	295	48,343	501,571	38,200	58,240	-20,040	1.52





TABLE 7.—*Dry edible bean crop insurance experience, by States, 1950-51*  
[As of June 30, 1952]

State and crop year	Counties with insurance program		Con-tracts in force <sup>1</sup>		Farms <sup>1</sup>		Indem-nities		Insured acreage <sup>2</sup>		Maximum liability <sup>3</sup>		Premiums		Indem-nities		Surplus or deficit		Loss ratio	
	Number		Number		Number		Number		Acrea		Dollars		Dollars		Dollars		Dollars		Dollars	
Arizona:																				
1950	1	29	24	31	1	1	1	1	1,405	43,764	2,189	219	1,970	0.10						
1951	1	23	15	20	1	1	1	1	1,117	39,048	1,882	797	1,085	.42						
Colorado:																				
1950	2	616	573	690	59	25,006	531,501	19,067	25,638	670,066	38,279	25,638	-6,571	1.34						
1951	5	751	590	758	298	47,199	670,066	38,279	211,648			211,648	-173,369	5.53						
Idaho:																				
1950	2	402	303	363	32	5,171	162,692	5,381	5,680			5,680	-299	1.06						
1951	4	963	772	900	21	16,414	556,987	18,289	5,086			5,086	13,203	.28						
Michigan:																				
1950	4	1,477	1,334	1,473	631	21,243	326,000	13,635	80,181			80,181	-66,546	5.88						
1951	7	4,180	2,963	3,365	339	52,145	923,016	47,002	42,913			42,913	4,089	.91						
Nebraska:																				
1950	1	643	633	786	73	17,882	397,095	22,045	19,475			19,475	2,570	.88						
1951	2	1,328	1,231	1,577	710	42,305	1,070,408	52,716	285,401			285,401	-232,685	5.41						
New Mexico:																				
1950	1	125	42	48	25	5,202	37,755	3,664	9,991			9,991	-6,327	2.73						
1951	2	185	57	61	36	6,306	47,582	4,616	14,040			14,040	-9,424	3.04						
New York:																				
1950	4	1,095	1,002	1,039	169	13,979	353,133	16,782	26,994			26,994	-10,212	1.61						
1951	5	1,315	807	834	56	10,815	290,098	13,630	7,382			7,382	6,248	.54						
Wyoming:																				
1950	3	751	665	773	80	17,681	440,987	20,662	19,217			19,217	1,445	.93						
1951	3	712	461	537	92	13,558	363,814	16,885	30,656			30,656	-13,771	1.82						
Indemnities payable: <sup>4</sup> 1951																				
Totals:																				
1950	18	5,138	4,576	5,203	1,070	107,569	2,292,927	103,425	187,395			187,395	-83,970	1.81						
1951	29	9,457	6,896	8,052	1,554	189,859	3,961,019	193,299	598,027			598,027	-404,728	3.09						

<sup>1</sup> The number of contracts on which a premium was earned is less than the number of contracts in force because farmers in some years do not plant any acreage of beans. The number of farms is larger than the number of contracts because a farmer's contract includes all his insurable farms in the county. The figure representing

number of farms includes duplication where both landlord and tenant are insured.

<sup>2</sup> Includes duplication where both landlord and tenant are insured.

<sup>3</sup> Based on the coverage for harvested acreage.

<sup>4</sup> Estimated.



in table 7, by States, with the 1950 experience included for comparison.

In 1952, the program was expanded to one additional county so that there are now 30 counties in which the bean crop insurance program is operating. These programs are distributed over all of the important bean-producing areas except California. The location of the 1952 bean insurance counties is shown in figure 7.

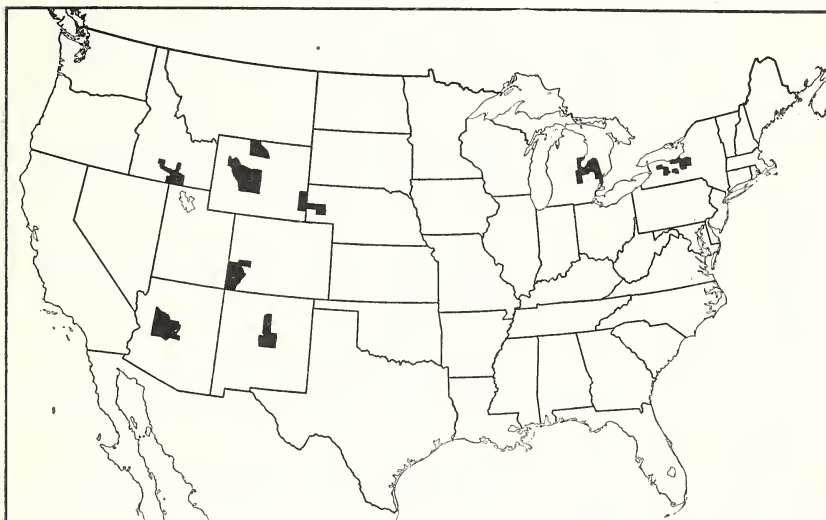


FIGURE 7.—Location of 1952 bean insurance counties.

### Multiple Crop Insurance

The multiple crop insurance program was started in 1948 in 2 counties and has expanded to a total of 95 counties by 1951. In general, the liability under this program is considerably greater in proportion to the premium income than under single commodity programs. This reflects the somewhat lower risk of loss inherent in this program, due to combining the coverage for the insured crops and adjusting losses on the basis of the total production of all of the insured crops.

In the 95 counties where the 1951 program operated 36,220 farmers were insured, with total insurance protection of about \$53,000,000. Since the multiple crop insurance counties are widely distributed over the Nation, wide variations between counties with respect to crop conditions and indemnities paid to insured farmers can be expected most years. This was shown in 1951 with the Corporation paying indemnities of about \$3,200,000 to 7,076 farmers.

The drought in the Southwest resulted in severe losses, particularly in Taylor and Runnels Counties, Tex., where throughout the entire growing season a prolonged drought affected fall- and spring-planted crops alike. Throughout the northern Corn Belt, especially in Minnesota, Illinois, Iowa, and Wisconsin, a slow start for spring-planted crops followed by an early freeze resulted in losses to farmers far in ex-

TABLE 8.—*Multiple crop insurance experience, by States, 1950-51*

[As of June 30, 1952]

State and crop year	Counties with insurance program	Con-tracts in force <sup>1</sup>	Crop planted and premium earned								Loss ratio
			Con-tracts <sup>1</sup>	Farms <sup>1</sup>	Indem-nities	Insured acreage <sup>2</sup>	Maximum liability <sup>3</sup>	Premi-ums	Indem-nities	Surplus or deficit	
			Number	Number	Number	Acres	Dollars	Dollars	Dollars	Dollars	
Alabama:	Number	Number	992	1,068	75	21,452	430,037	17,857	3,357	14,500	0.19
1950	2	518	438	453	21	16,520	294,143	11,622	1,284	10,338	.11
Arkansas:											
1950	1	508	454	779	33	45,552	1,304,691	39,499	6,427	33,072	.16
1951	2	554	482	613	120	65,238	1,152,181	33,841	36,591	-2,750	1.08
Colorado:											
1950	2	725	691	734	232	61,094	1,805,044	50,501	133,186	-82,685	2.64
1951	4	1,828	1,671	2,018	444	219,315	4,546,370	152,354	363,129	-210,775	2.38
Delaware: 1951	1	208	202	206	4	15,142	257,988	5,250	482	4,768	.09
Florida: 1951	1	207	207	207	0	6,065	73,703	1,802	0	1,802	.00
Georgia:											
1950	3	1,896	1,868	1,884	242	75,073	1,947,158	58,701	54,303	4,398	.93
1951	6	1,796	1,645	1,653	31	101,974	2,030,379	64,914	5,338	59,576	.08
Illinois:											
1950	4	745	700	1,110	194	30,859	542,404	18,172	35,373	-17,201	1.95
1951	5	789	676	1,171	298	51,518	616,126	21,605	78,612	-57,007	3.64
Indiana:											
1950	2	384	377	509	34	14,141	361,845	11,462	9,097	2,365	.79
1951	2	370	338	468	27	22,966	423,474	11,924	4,927	6,997	.41
Iowa:											
1950	2	1,023	1,018	1,230	39	95,941	2,376,019	57,491	15,040	42,451	.26
1951	10	2,810	2,729	3,279	1,285	319,072	5,267,270	170,113	715,672	-545,559	4.21

[illegible]

See footnote at end of table.

TABLE 8.—Multiple crop insurance experience, by States, 1950-51—Continued

[As of June 30, 1952]

State and crop year	Counties with insurance program	Con-tracts in force <sup>1</sup>	Crop planted and premium earned								Loss ratio
			Con-tracts <sup>1</sup>	Farms <sup>1</sup>	Indem-nities	Insured acreage <sup>2</sup>	Maximum liability <sup>3</sup>	Premi-ums	Indem-nities	Surplus or deficit	
		Number	Number	Number	Number	Acres	Dollars	Dollars	Dollars	Dollars	
Oregon:											
1950-----	1	218	203	291	13	13, 040	175, 836	6, 698	2, 033	4, 665	.30
1951-----	2	454	392	463	71	31, 338	830, 409	21, 052	20, 644	4, 408	.98
Pennsylvania:											
1950-----	1	285	274	328	16	10, 478	325, 073	7, 299	1, 457	5, 842	.20
1951-----	2	513	470	531	15	22, 594	473, 608	9, 193	2, 207	6, 986	.24
South Carolina:											
1950-----	1	617	613	635	225	24, 547	537, 619	23, 075	33, 974	-10, 899	1.47
1951-----	1	381	253	253	9	12, 878	242, 162	12, 119	2, 084	10, 035	.17
South Dakota:											
1950-----	3	1, 370	1, 365	1, 678	12	165, 162	1, 929, 743	109, 954	2, 695	107, 259	.02
1951-----	6	2, 983	2, 913	3, 526	817	549, 137	4, 603, 110	205, 193	267, 215	-62, 022	1.30
Tennessee:											
1950-----	1	540	518	776	200	8, 436	288, 613	6, 700	24, 105	-17, 405	3.60
1951-----	2	1, 138	986	1, 397	334	26, 318	480, 178	14, 410	31, 756	-17, 346	2.20
Texas:											
1950-----	1	592	565	734	68	34, 841	625, 887	24, 963	20, 533	4, 430	.82
1951-----	2	789	665	908	713	119, 442	1, 377, 819	135, 782	672, 937	-537, 155	4.96
Utah:											
1950-----	1	199	190	192	7	5, 744	96, 245	3, 110	938	2, 172	.30
1951-----	1	221	168	168	18	5, 583	89, 683	2, 377	3, 338	-961	1.40

Virginia: 1950-----	1	144	142	188	1	5, 171	105, 825	2, 269	262	2, 007	. 12
West Virginia: 1951-----	1	226	201	238	40	7, 804	124, 373	3, 888	8, 661	-4, 773	2. 23
Wisconsin:											
1950-----	2	538	529	541	173	27, 755	587, 986	11, 965	34, 716	-22, 751	2. 90
1951-----	2	658	610	638	93	34, 613	656, 270	12, 999	14, 852	-1, 853	1. 14
Wyoming:											
1950-----	1	121	* 116	118	25	7, 740	208, 368	8, 071	7, 811	260	. 97
1951-----	2	223	192	216	16	24, 989	501, 722	12, 248	7, 399	4, 849	. 60
Indemnities payable:											
1951 <sup>4</sup> -----					9				4, 237	-4, 237	-----
Totals:											
1950-----	55	27, 725	27, 197	32, 251	4, 062	2, 228, 974	36, 304, 967	1, 268, 456	1, 175, 124	93, 332	. 93
1951-----	95	36, 220	33, 593	39, 854	7, 076	4, 495, 573	52, 711, 121	1, 987, 052	3, 235, 222	-1, 248, 170	1. 63

<sup>1</sup> The number of contracts on which a premium was earned is usually less than the number of contracts in force because farmers in some years do not plant any acreage of the insurable commodities. The number of farms is larger than the number of contracts because a farmer's contract includes all his insurable farms in the county. The figure representing number of farms includes duplication where both landlord and tenant are insured.

<sup>2</sup> Insured acreage for 1951 includes duplication where both landlord and tenant are insured. A comparable figure is not available for 1950. The figure shown represents the product of the total acreage insured and the farmer's interest in the crops.

<sup>3</sup> Based on coverage for harvested acreage.

<sup>4</sup> Estimated.



cess of the premium income. Details of this 1951 experience are shown in table 8, by States, with the 1950 experience included for comparison in those States where the program operated that year.

The program was expanded to 20 additional counties for 1952, which makes a total of 115 counties where this program is now in effect. The location of the 1952 multiple crop insurance counties is shown in figure 8.

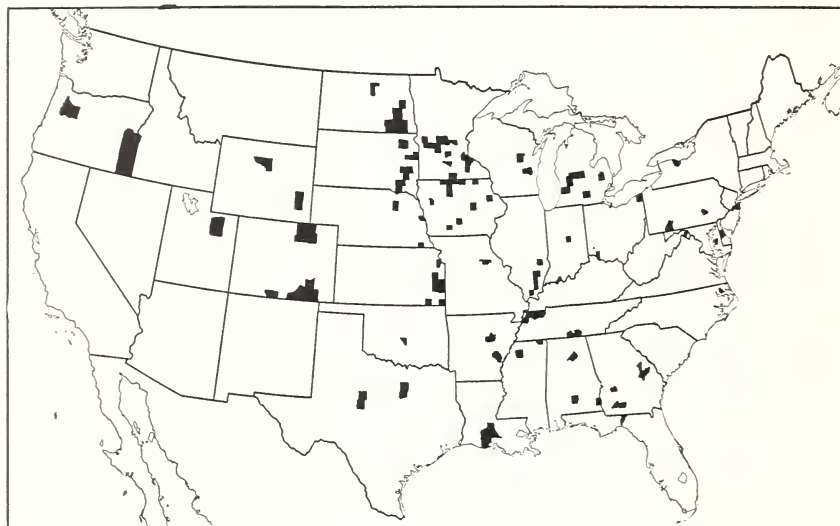


FIGURE 8.—Location of 1952 multiple crop insurance counties.

Multiple crop insurance is designed especially to meet insurance needs in diversified counties where several crops rather than one contribute the major part of farm income. It has the largest potential for expansion of any of the crop insurance programs.

A multiple crop insurance policy provides protection of the combined investment in several crops and thus makes available to a diversified farmer protection equivalent to that obtained under a single commodity policy by a farmer who specializes in the production of one crop. The policyholder has a specified dollar amount of coverage on all his acreage of the insured crops. A loss occurs under the policy when the total dollar value (computed on the basis of a predetermined price for each commodity) of the production of all the insured crops is less than the coverage.

The flexibility of this program, insofar as the crops insured are concerned, is illustrated by the 38 different crops presently covered under this program. The variety of crops insured and the number of counties and States in which each crop is insured under the 1952 multiple crop insurance program are shown in the following tabulation:



		<i>Counties and States in which the specified crops are insured</i>	
		<i>Counties (number)</i>	<i>States (number)</i>
Crops:			
Grains:			
Barley	-----	57	19
Corn	-----	106	30
Grain sorghum	-----	17	5
Oats	-----	92	27
Rye	-----	17	4
Wheat	-----	78	25
Food:			
Cabbage	-----	1	1
Canning peas	-----	2	2
Dry edible beans	-----	12	4
Onions (dry)	-----	1	1
Potatoes	-----	11	7
Rice	-----	6	2
Snap beans	-----	2	2
Strawberries	-----	4	3
Sugar beets	-----	3	2
Sugarcane	-----	4	1
Sweet corn	-----	3	3
Sweetpotatoes	-----	10	5
Tomatoes	-----	3	3
Oil:			
Flax	-----	32	6
Peanuts	-----	12	5
Soybeans	-----	57	18
Seed:			
Alta fescue	-----	1	1
Austrian peas	-----	1	1
Crimson clover	-----	1	1
Lespedeza	-----	1	1
Red clover	-----	1	1
Ryegrass	-----	1	1
Vetch	-----	2	1
Hay:			
Alfalfa	-----	14	9
Clover and timothy	-----	5	4
Lespedeza	-----	6	4
Red clover	-----	1	1
Tame hay	-----	1	1
Other:			
Cotton	-----	31	10
Tobacco	-----	14	7
Corn ensilage	-----	18	7
Sorghum ensilage	-----	1	1

Total number of crops covered, 38.

Total counties in which multiple crop insurance is provided in 1952, 115.

Total States in which multiple crop insurance is provided in 1952, 32.

This tabulation reflects the adaptability of the multiple crop insurance program to most areas of the Nation. This program has strong appeal to farmers when they understand it from an insurance standpoint. However, this program is still in the early stages of development and there are many improvements to be made in the program and in the diversified farmer's recognition of its basic value.

### Citrus Insurance

Citrus crop insurance was started for the first time in 1951 with a program in Polk County, Fla.

The citrus program is the initial effort of the Corporation to offer insurance on a tree crop and represents the first step toward providing

insurance on specialized farming operations which do not lend themselves to inclusion under the standard plans of crop insurance developed thus far. Citrus insurance differs from the other crop insurance programs in that it provides protection only against the specific risks of freeze, hurricane, tornado, and hail, the principal hazards of citrus production, rather than all-risk protection. No losses are paid for damage amounting to less than 10 percent and the policy does not cover damage to trees.

Under the 1951 program 291 citrus growers paid \$81,600 premium for protection amounting to approximately \$1,100,000. During the 1951 crop year no losses were paid under the citrus program. It is to be expected that few losses will be paid most years under this program since the two principal hazards insured against, hurricane and freeze, are more or less catastrophic risks, usually occurring over wide areas or not at all. Consequently, good reserves need to be built up in years when these hazards do not materialize in order to have sufficient funds available to pay the heavy losses that can be expected when disaster strikes.

In 1952, 202 contracts are in force in Polk County, with a total liability of about \$800,000 and a premium income of approximately \$56,000. At this time it is impossible to predict the 1952 loss experience since the major insured risks to the citrus crops still lie ahead.

## REVIEW OF OPERATIONS FOR THE 4-YEAR PERIOD 1948-51

In 1947, after a study of the early experience of the Corporation, the Congress decided that a sounder basis should be developed for crop insurance and made important legislative changes designed to enable the Corporation to concentrate more of its effort on this goal. These changes, effective for the 1948 crop year, limited the level of insurance that could be provided on any crop to the general cost of producing the insured crop in the area, restricted the scope of the Corporation's operation to a limited number of counties, and authorized considerable latitude for experimenting with different plans of insurance.

Since the reorientation of the entire program in 1948, crop insurance has completed 4 years of operation. Although this is a very short period in terms of insurance experience, major improvement in the soundness of crop insurance operations has been accomplished. The more conservative coverage combined with actuarial and program refinements has resulted in experience that shows this kind of insurance for farmers can be developed and operated on a sound basis.

Progress towards the goal of ultimately making crop insurance available in all important agricultural areas of the Nation obviously must include development of new types of insurance as well as gradual expansion of established programs. The widely varying types of farming in the Nation naturally will require varying types of insurance protection if the needs of all farmers are met and the purposes of the program attained. Legislative history indicates that eventually the Corporation should develop insurance programs that will insure the major part of the farmer's investment in producing all crops rather than to confine insurance to a few basic commodities. Consequently, three additional insurance programs—dry edible beans,

multiple crop, and citrus insurance—have been started during the period 1948–51.

During these 4 years the number of counties where insurance has been provided and the number of contracts in force have increased as shown below:

Year:	Number of county programs	Number of insurance contracts
1948	375	169, 172
1949	394	165, 079
1950	624	306, 685
1951	810	343, 211

During the 4-year period 1948–51 the combined national results have been far more satisfactory than in earlier years, with total premiums for the period amounting to about \$58,000,000 and indemnities paid totaling approximately \$56,500,000, which was 97 percent of premiums. Premiums have exceeded indemnities in 2 of the 4 years. However, there was substantial variation in the financial experience of the programs. The loss ratios, by programs, for each of the last 4 years as well as the combined loss ratios for the period 1948–51 are shown in figure 9.

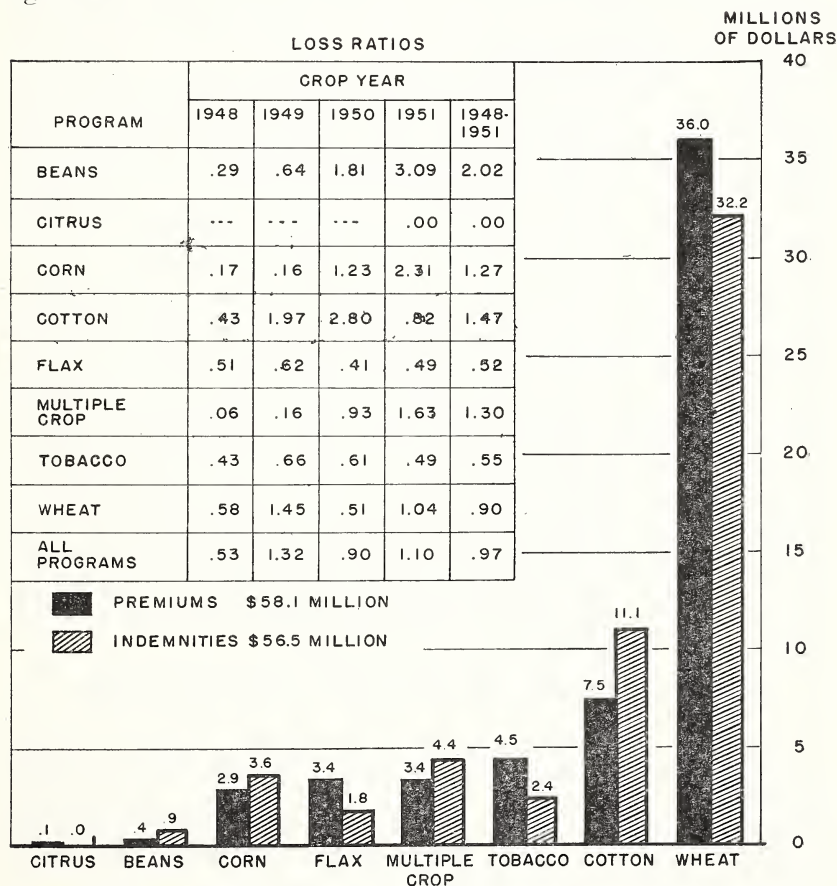


FIGURE 9.—Premiums, indemnities, and loss ratios for crop years 1948–51.

The wide variation from year to year in loss ratios on individual programs shown in figure 9 is very significant. This shows that substantial reserves can be built in years of good weather and crop conditions to meet heavy losses when crops are poor. Some programs show a deficit for the 4 years, but in each of these programs the experience indicates that a substantial part of the premiums will be carried over in good years. It also suggests that over a representative period of years, indemnities can be paid out of the premiums. This illustrates the fact that the risk of a crop insurance program must be spread over an extended period. Experience of a program over a few years may indicate the crop conditions encountered during that period, but does not necessarily indicate what the insurance experience will be over a longer period of time.

Figure 9 also illustrates that there is a substantial diversification of risk between the various programs within a given crop year. From an insurance point of view, this additional spreading of risks is needed for sound operations. Since the wheat insurance premiums account for more than half the total premium income, the aggregate experience is largely influenced by the wheat program. This is offset in part, by the fact that results on winter and spring wheat are often different, so that for diversification purposes they can almost be considered as two different crops.

Another way in which crop insurance risks are spread is by the distribution of insurance counties over a wide geographic area. The figures showing location of counties in which 1952 crop insurance programs are operating reveal the degree to which the Corporation has been able to spread its risks geographically. Thus, good experience in counties with favorable crop conditions offsets unfavorable experience in counties where poor crop conditions prevail.

A detailed study of the records and operations of the crop insurance program shows a great diversity of experience and participation in the counties where programs are operating. County programs range from those with nearly all of the eligible farmers in the program down to some in which results are very unsatisfactory. Since all county programs offer to farmers essentially the same insurance contracts, and operate under the same procedures, and instructions, the difference in the success of the operations is usually found to result largely from local factors the most important of which is the quality of the local leadership. The fact that many county programs have achieved outstanding success under existing legislation, regulations, contracts, actuarial bases, and instructions, indicates that the program is workable and acceptable to farmers and has made long strides toward the sounder basis of operations which the Congress felt should be developed after reviewing the program in 1947.

## PROGRAM DEVELOPMENT AND ADMINISTRATION

Twelve years of experience with crop insurance have developed the basic structure of these programs to the point where major changes are likely to occur only after experience and observation have established that improved soundness of operations will result. Each added year of experience, of course, enables the Corporation to improve and refine its existing programs and operating methods.



The foundation for further growth and development of crop insurance has been laid through the solution of many problems peculiar to this high-risk field. This has resulted in numerous major improvements, which include:

- The establishment of sounder levels of protection than were originally tried;
- Varying protection through stages of coverage keyed to differences in the amount of investment during the growing season;

- Setting coverages and rates by areas within a county to reflect measurable differences in productivity and risk;

- Computing coverages, premiums and indemnities on the basis of the same fixed price applied to the commodity units which necessarily must be the starting point for a sound actuarial structure;

- Including protection against serious quality losses;

- Adopting a continuing contract with cancellation privileges for both parties;

- Letting actual experience of each county program determine needed or merited adjustments in premium rates; and

- Continuous screening of county programs to eliminate from the insurance program both land and individuals deemed to be too high-risk to be included in the county program at this time.

Although no major changes affecting the basic provisions of the insurance program were made during the fiscal year, two significant revisions designed to improve operations were instituted. These were in the wheat and cotton programs where two types of protection—commodity and monetary—were offered for several years. Under present operations, the two types have been blended into one. The principal differences between commodity and monetary programs were in the manner of expressing coverages and premiums—commodity units or dollars—and the time at which the coverage and premium were converted to cash. The price used in the monetary policy was fixed prior to the sale of the insurance, while in the commodity program it was established on a formula basis at a specified date during the insurance period.

Under the combined program, coverages and premium rates may be stated in either commodity or monetary terms. The coverages and premium rates continue to be established in terms of commodity units but are converted to dollars on the basis of a price established before the insurance is in force for the new crop year.

A plan expected to simplify some operating problems in the cotton insurance program was started which would permit an owner-operator or tenant-operator to apply for and obtain insurance for all sharecroppers who have an interest in cotton produced on his farm. Under this contract, the owner-operator or tenant-operator reports the acreage of each sharecropper who shares in the crop, and accepts responsibility for the payment of the premium. Losses under this plan are computed for each individual, and in the case of a loss on a sharecropper interest, the indemnity is paid to the sharecropper.

This plan reduces the number of contacts which must be made at the county level in selling insurance, collecting acreage reports and otherwise servicing the contract. It is expected that this plan will reduce the cost of administering the program in some counties. It may be extended to some tobacco counties in the 1953 crop year.

Experience emphasizes that successful operation of a crop insurance program depends to a great degree on the efficiency of the local people who handle the administrative details at the farm level. Most of the people who perform the various functions in connection with crop



insurance activities at the county level are either employed seasonally as the work requires, or—in the case of county PMA employees—are responsible for the operation of the various other programs. Consequently, procedures, methods and the over-all approach to the entire operation must be under constant review to avoid unnecessary complications, and to achieve the simplicity so essential to field operations of this type. In addition there must be an active and systematic program of education to assure a continuing increase in the knowledge and skill of the persons who perform various crop insurance functions.

Since the general pattern of crop insurance programs has become rather firmly established through experience, the Corporation's efforts have been increasingly directed toward strengthening the efficiency and soundness of all phases of its operations. There are many continuing problems in crop insurance. Many of these are the kind that cannot be satisfactorily resolved in any short period of time since their solution is keyed to better understanding among both policyholders and uninsured farmers and the training of personnel to handle the program at the county and State levels.

### Actuarial Structure

Essential to sound crop insurance operations is a continuing refinement of coverages and rates, which has been particularly emphasized since 1948. The actual loss experience in a county for each year is plotted on a map and becomes the major criterion for determining whether losses have been excessive for any area. Coverages and rates established for the previous year are reviewed annually by local committeemen who are familiar with the productivity of the land, and the risk of loss. Revisions are then made where necessary. By this means steady progress is being made toward a far sounder actuarial structure for crop insurance than was possible in the earlier programs.

Closely associated with the task of establishing equitable coverages and rates for insurable land is the problem of identifying land on which the risk of loss is so great as to preclude the offering of insurance on it. Producers in the county whose production efforts are so inefficient that the risk of loss involved cannot be adequately reflected in the coverages and rates must also be excluded. As a result of actions taken in connection with these two problems, an average of 3.7 percent of the cropland in the counties with crop insurance programs was classified uninsurable in 1952 because of the high risk of loss. In addition, in 1952 there were about 17,787 farmers who were identified as ineligible for insurance because of the high-risk nature of their farming operations.

The policy of adjusting premium rates in each county to reflect the actual loss experience is evidence to participating farmers that they are, in fact, building a system of crop insurance protection to serve their mutual interests through machinery and authority made available to them by Congress. In this manner the county loss experience under the program determines to a major degree the cost of the protection to its policyholders. As farmers understand the effect of the actual experience on the county program, their personal interest in efficient and sound operation is greatly increased. In many counties this interest is resulting in improvement in the quality of business and general understanding of the program.

A further means of stimulating interest of policyholders in the loss experience of the county program is provided through a premium reduction of 30 percent. This is allowed when favorable experience results in the accumulation of premium reserves in excess of the minimum established for the county.

This same plan operates in reverse with the premium costs to policyholders increased following a year in which experience shows a deficit of more than 10 percent of the required county reserve. Premium increases are made immediately following years of excessive losses when policyholders can best appreciate the need for such adjustment. Individual producers also receive premium reductions for good experience under their contracts regardless of the county experience. A reduction of 25 percent in premiums after seven consecutive years of insurance without a loss is allowed in these instances.

### **Participation**

Crop insurance to a far greater degree than any other part of the farm program, requires an organized and continuous effort to build participation. This stems from the fact that the farmer must pay for his crop insurance protection every year although he is indemnified only when he has a severe crop loss. Experience of the Corporation has proved that obtaining the desired volume and quality of participation will, as is the case in other forms of insurance, be a gradual process. Since farmers are perhaps less insurance minded than other groups, only a continuing educational effort will bring about a full realization of the value of crop insurance against the hazards with which they must contend. This same educational effort is also needed to bring about full understanding of the equity of coverages and premium rates. Only in this way can we hope to get a majority of them to apply the sound business principle of crop insurance to their farming operations. Intensive effort is being directed toward those farmers who join their county programs to encourage them to do so with the intention of making crop insurance a permanent part of their operating plans. This involves the development of a full appreciation of the risks that exist, confidence of farmers in the permanence of the insurance program, acceptance of the principles of adjusting premium costs to reflect experience, and realization that 1 or 2 years cannot form the basis for an appraisal of the value of insurance protection. Progress toward this objective is being made and is implemented by administrative action to improve the quality of sales efforts and servicing of contracts through better training and the use of more capable personnel wherever the need exists.

In the interest of sound operations a strong effort is made to keep the same farmers insured year after year and to make a gradual increase in business. This is considered preferable to the exploitation of crop catastrophes or unfavorable crop prospects to stimulate a large but fluctuating participation based on expectations of collecting indemnities rather than an appreciation on the part of farmers of the need for making crop insurance a part of their annual farming operation.

At present there is wide variation between counties in the percent of eligible producers who are policyholders in their county program. Some counties already have from 50 to 90 percent participation while others have considerably less than this.

The following tabulation shows for each program the number of counties in which the insurance program is operating for 1952, the farmers insured in these counties, and the percentage of eligible farmers insured:

Program:	<i>Number of counties with insurance program</i>	<i>Number of farmers insured</i>	<i>Percent of eligible farmers insured</i>
Wheat.....	390	118, 847	23
Flax.....	59	18, 257	28
Cotton.....	98	44, 151	15
Tobacco.....	82	76, 973	31
Corn.....	99	36, 598	15
Dry edible bean.....	30	9, 014	29
Multiple crop.....	115	42, 709	17
Citrus.....	1	202	12
Total.....	874	346, 751	-----

### Acreage Reports

The report of acreage planted to the insured crop, and the policyholder's interest in it at planting time play an important part in businesslike operations inasmuch as this information establishes the amount of protection and premium under the contract.

In the interest of protecting the Corporation and the insured's right to an indemnity, acreage reports need to be obtained soon after planting and before very much of the insurance risk has passed. Early and accurate completion of this part of the insurance job has been emphasized increasingly, since for most crops accurate measurements of acreages are not now available. Steady improvement is being made in the handling of this work at the county level both in methods and in the understanding of the importance of this report and its protection of the interests of both parties.

The value of timely filing of acreage reports is such that the Corporation has adopted a policy of having its adjusters inspect crops after a reasonable time following planting, and rejecting those reports where inspection shows damage to the crop prior to filing of the acreage report.

In 1952 an experiment is under way in four counties with a "continuous" type of acreage report. Under this plan the policyholder files a report of his usual acreage, this report remaining in effect each year that the acreage actually planted is in reasonable agreement with usual acreage. The insured is permitted to submit a corrected report in any year when his planted acreage differs materially from his usual acreage. Revisions may also be made in the "usual acreage" with changes in farming operations. It is hoped that this plan will reduce work and expense involved in obtaining annual acreage reports. It does not, however, offer much promise except in counties where the insured crop acreages normally planted on individual farms are essentially the same from one year to the next. Naturally, the details associated with the first year of operation of this plan are comparable to those of obtaining regular acreage reports, and for that reason there is no way to fully appraise the plan at this time. It will require a few years of operation to evaluate the experience under it and arrive at sound conclusions as to its merits.



### Premium Collection

With crop insurance offered on the basis of an open premium note in which the farmer agrees to pay on or before a certain date, collection of accounts constitutes an important phase of program operations. Concerted effort on collection matters in recent years has brought about more prompt payment of premium notes, and has improved the degree to which accounts are kept on a current basis.

The percentage of the 1951 premiums collected on June 30, 1952, was 95.56. This is an improvement over premium collections for the 1950 crop year.

A factor in improving premium collections is the 5-percent discount allowed policyholders who file an acreage report and pay their premium before the discount deadline. In the 1951 crop year 81,986 farmers availed themselves of the 5-percent discount for early payment of premiums. The premiums paid by this group represented approximately 28 percent of the total premiums earned for 1951. Another contributing factor is the improvement in the general quality of the business written and the increasing number of policyholders who keep their contracts in force every year.

Another phase of premium collection work which continues to show steady improvement is the collection of past-due accounts. During the fiscal year 18,785 farmers paid up their past-due accounts, leaving uncollected less than 2 percent of the total premiums for 1951 and prior years.

### Loss Adjustment

Important progress is made each year in improving the efficiency of the adjustment of losses. This is to be expected as a result of the added experience obtained and the constant effort to improve through training and careful selection the ability of those who carry out this important work.

Adjustment of losses is the responsibility of the State crop insurance director. He is assisted by a corps of adjusters working under his direct supervision.

Adjusters, employed usually on a per diem basis to serve only when needed, have been retained wherever possible so that over a period of years each State director has been able to develop competent men through the cumulative benefits of experience and training. It has proved advantageous both to the adjuster and the Corporation to follow the practice of employing fewer adjusters and moving them as the occasion demands into areas of heavy losses. This provides longer periods of employment for the adjuster and his widened experience results in the more sound and efficient settlement of losses. An additional contribution toward greater efficiency and general improvement of loss adjustments has been a program of periodic training meetings on loss adjustment which are directed by the headquarters office. Emphasis has been placed on simplification and standardization of forms and procedures which adjusters use. The proficiency of adjusters in carrying out the steps of loss adjustment and in the execution of forms incident to this work, is maintained by the Corporation's rigid policy of spot checking the work of each person serving in this capacity.

For the policyholder, loss adjustment becomes the proving ground of the value of the protection he has purchased. There is thus im-

posed on the adjuster a duty and responsibility which has a profound effect on the attitude of the insured toward crop insurance and his appraisal of the value of and future need for this type of protection. It is essential that the adjuster in making his determinations appreciate fully the rights of the insured and the benefits to which he is entitled under his contract. At the same time, it is equally important that each loss be adjusted so that it does not allow a larger indemnity than is provided by the terms of the contract.

Timely settlement of losses is important both from the standpoint of making proper adjustments and of providing proper service to the policyholder. Full assistance is provided in the initiation of the loss claim after the insured has reported a loss or probable loss to the county office.

The adjustment of losses is not only important as the end result of a farmer's effort to protect his investment, but it is at the same time the basis for future interest in and appreciation of crop insurance. This imposes upon the adjuster the necessity for a constant awareness of his secondary role as a salesman, who upon completion of the adjustment of each loss should leave the policyholder with a better understanding of the value of crop insurance. Consequently, the development and training of an adequate and efficient corps of adjusters is a job of major importance to the future of the program.

## FINANCIAL STATEMENTS

### General Comments

The financial statements consist of a comparative balance sheet (exhibit A, p. 43), reflecting the financial condition of the Corporation as of June 30, 1952, and June 30, 1951; an analysis of insurance reserves for the crop years 1948 through 1951 (exhibit A-1, p. 44); a comparative statement of insurance operations for the crop years 1951 and 1950 (exhibit B, p. 44); and a comparative statement of operating and administrative expenses for the 1952 and 1951 fiscal years (exhibit C, p. 45). The comparative balance sheet does not include administrative funds, which are appropriated on an annual basis to cover operating and administrative expenses, nor does it reflect equipment purchases from such funds.

The financial statements do not reflect transactions relating to insurance premium income and indemnities on the 1952 crops for contracts in force on June 30, 1952, except for insurance premiums paid before maturity dates of premium notes, and early wheat insurance premiums billed and recorded prior to June 30, 1952, less approved indemnity claims covering early losses on the 1952 crops. Such items are classified in the comparative balance sheet as deferred credits and deferred income, as of the close of the fiscal year and are not taken up in the operating accounts until after June 30, 1952.

As mentioned before in this report, premium notes are executed by insured producers with the signing of applications for insurance and they mature about the time the respective crops are harvested. The insurance premiums cannot be determined, however, until after reports of the acreage planted on each insured farm have been obtained. A 5 percent cash discount is offered to the policyholders for the early



payment of premiums. If not paid earlier, the premiums are billed and recorded immediately following the maturity dates of the notes.

An amendment to the Federal Crop Insurance Act, approved August 25, 1949, authorized gradual expansion of insurance operations commencing with crops planted for harvest in 1950, and continuing through the crops planted for harvest in 1951, 1952, and 1953. Because of world economic conditions, however, expansion of the crop insurance program, as permitted under the act, was suspended for crops planted for harvest in 1952.

It is estimated that insurance premiums under the curtailed program will approximate 21.4 million dollars on 1952 insured crops. Substantially all indemnity losses on the 1952 insured crops will be determined and paid subsequent to June 30, 1952.

The following comments are made with respect to the items appearing in the Financial Statements as of June 30, 1952:

### Comparative Balance Sheet

(Exhibit A, p. 43)

#### Cash

Cash amounting to \$31,508,841.91 was on deposit (or in transit) with the Treasurer of the United States and the Federal Reserve Bank of Chicago as of June 30, 1952. Treasury Department facilities are utilized in making deposits and disbursements. Receipts and disbursements handled by the Chicago Branch Office of the Corporation are processed through the accounts of the Regional Disbursing Officer of the Treasury Department, the Federal Reserve Bank of Chicago being the depository. Deposits are recorded in a cash clearing account in the branch office until acknowledgment by the regional disbursing office. Receipts and disbursements handled by the Corporation's Washington Office are processed through the accounts of the Chief Disbursing Officer of the Treasury Department, Washington, D. C.

#### Accounts receivable

Unpaid accounts of insured producers amounting to \$7,605,812.44 as of June 30, 1952, consist chiefly of amounts due from insured producers on crop insurance premium notes. This amount includes also overpayments of indemnities to insured producers; credit items representing overpayments by insured producers which are to be refunded; and unpaid interest due on 1945-51 crop year premium notes paid in full except for accrued interest. Unpaid accounts and premium collection activities for the 1952 fiscal year are summarized as follows:

Balance June 30, 1951, for 1950 and prior crop years.....	\$3, 487, 507. 45	
Collections, adjustments, etc.....	915, 314. 42	\$2, 572, 193. 03
1951 crop year premiums.....	19, 400, 688. 40	
Collections.....	18, 523, 784. 43	876, 903. 97
		3, 449, 097. 00
1952 crop year premiums recorded.....	6, 352, 037. 14	
Collections.....	2, 195, 321. 70	4, 156, 715. 44
Balance June 30, 1952.....		<u>7, 605, 812. 44</u>

Collections, adjustments, etc., in the amount of \$915,314.42 are 26.2 percent of the June 30, 1951, unpaid balance of debts receivable applicable to the 1950 and prior crop years. The unpaid balances for these years at June 30, 1952, amounting to \$2,572,193.03 represents 1.7 percent of the earned premiums. Collections applicable to the 1951 crop year amounting to \$18,523,784.43, represents 95 percent of the premiums earned for that crop year. The unpaid balances of premium accounts for all crop years prior to 1952, amounting to \$3,449,097, represent 1.99 percent of the earned premiums for those crop years.

The Corporation continued its aggressive collection policy during the 1952 fiscal year. Throughout the year positive action was taken to collect outstanding premiums, including the institution of legal proceedings wherever necessary.

The provision for uncollectible accounts amounting to \$2,401,353.92 represents the balance of reserve provisions established as applicable to unpaid balances of premiums on insurance contracts for crop years 1942 through 1951. The increase of \$131,274.68 in the reserve during the year consists of a provision of \$194,000.00 for 1951 crop year accounts, less charges of \$62,725.32 for accounts determined to be uncollectible and written off during fiscal year 1952.

### *Accounts payable*

Indemnities payable amounting to \$45,180.89 represent the Corporation's estimated liability to insured producers as of June 30, 1952, for loss claims under 1948, 1950, and 1951 crop insurance contracts that have not been presented to the Corporation for payment. The decrease of \$41,906.58 in estimated indemnities payable represents the net decrease in the Corporation's liability during fiscal year 1952.

Returned checks unclaimed—canceled in the amount of \$3,854.66 consist of amounts due insured producers for which checks issued in payment could not, for various reasons, be delivered to or negotiated by the payees. Such checks are returned to the Corporation and canceled and the amounts thereof are held in this account pending re-issuance of substitute checks to proper payees.

### *Deferred credits*

Unapplied premium receipts amounting to \$3,146.99 consist of insurance premiums not immediately identified, which are placed in this account until proper application can be made.

The balance of advance premium payments amounting to \$2,172,603.35, as of June 30, 1952, represents insurance premiums collected before maturity on 1952 crop year contracts.

### *Deferred income*

Deferred income consists of early 1952 crop year wheat insurance premiums recorded prior to June 30, 1952, less approved indemnity claims for the 1952 crop year as follows:

Premiums recorded (less cash discounts)-----	\$6, 267, 534. 76
Less: Approved indemnity claims-----	235, 268. 33
Net amount-----	<u>6, 032, 266. 43</u>

The increase of \$3,598,445.98 in deferred income represents the net increase in premiums recorded for crop year 1952 over the preceding crop year.

**Other liabilities**

The provision for surety losses amounting to \$25,000 constitutes a continuing provision for past and future unrecoverable money or property loss due to fire, theft, and other unavoidable causes. This provision for self-insurance has been much more economical than the cost of premiums for employee surety bond protection furnished by private surety companies. One loss amounting to \$15 was charged against the provision during the 1952 fiscal year and that amount was restored to the account prior to the close of the fiscal year.

The provision for adjustments was established during the fiscal years 1949 and 1950 as a reserve against which unpaid losses and adjustments for the 1947 and prior crop years could be charged. The following analysis reflects charges against the reserve during the 1952 fiscal year:

Balance as of June 30, 1951	\$57, 805. 87
Deduct:	
Charges for losses and adjustments during the fiscal year 1952:	
Premium adjustments, net	\$4, 306. 13
Indemnity payments and adjustments, net	16, 872. 40
	<u>21, 178. 53</u>
Balance June 30, 1952	<u>36, 627. 34</u>

**Capital**

Of the \$100,000,000 capital stock authorized, \$27,000,000 was outstanding as of June 30, 1952. There was no change in the capital stock account during the 1952 fiscal year.

Insurance reserves amounting to \$1,393,237.01, represent the excess of insurance premiums and other income over indemnities and other expense for crop years 1948 through 1951, as reflected in the analysis of insurance reserves (exhibit A-1, p. 44).

**Analysis of Insurance Reserves**

(Exhibit A-1, p. 44)

Exhibit A-1, presents an analysis of insurance reserves of the Corporation by commodities for 1948 through 1951 crop years. Insurance premiums amounting to \$58,121,205.42, less indemnities of \$56,476,446.82, resulted in a surplus of \$1,644,758.60 for the 4 years for all insured commodities, or a loss ratio of 0.97. After deducting other expense (net) of \$251,521.59, the insurance reserves for the crop years 1948 through 1951 amounted to \$1,393,237.01. Other income and expense is composed of the following:

Other income:	
Interest income	\$467, 045. 05
Storage income	128, 892. 33
Nonrefundable credits	4, 406. 87
	<u>\$600, 344. 25</u>
Other expense:	
Provision for uncollectible accounts (net)	368, 360. 41
Debt cancellations	18, 339. 59
Cash discount	465, 165. 84
	<u>851, 865. 84</u>
Other expense (net)	<u>251, 521. 59</u>

### Comparative Statement of Insurance Operations

(Exhibit B, p. 44)

Exhibit B sets forth a statement of insurance operations by commodities as of June 30, 1952, for crop year 1951 and comparison with crop year 1950. This statement shows for the 1951 crop year premium income of \$19,400,688.40 and indemnities amounting to \$21,361,416.17, resulting in a premium deficit of \$1,960,727.77 for that crop year. After taking into consideration items of other income and expense a deficit of \$2,236,654.70 is indicated.

### Operating and Administrative Expenses

(Exhibit C, p. 45)

Exhibit C reflects a comparison of operating and administrative expenses for the 1952 and 1951 fiscal years. The increase in total expenses, amounting to \$436,504.80 for the fiscal year 1952, as compared with that for fiscal year 1951, reflects further increase in cost of administration resulting from gradual expansion of the insurance programs commencing with crops planted for harvest in 1950, as provided in the Crop Insurance Act, as amended (Public Law 268, 81st Cong., approved August 25, 1949).

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## Exhibit A

*Comparative balance sheet as of June 30, 1952, and June 30, 1951*

ASSETS			
	June 30, 1952	June 30, 1951	Increase or decrease (—)
Cash.....	\$31,508,841.91	\$32,973,513.82	—\$1,464,671.91
Accounts receivable:			
Insured producers.....	7,605,812.44	5,313,730.35	2,292,082.09
Less: Provision for uncollectible accounts.....	2,401,353.92	2,270,079.24	131,274.68
Net amount.....	5,204,458.52	3,043,651.11	2,160,807.41
Total assets.....	36,713,300.43	36,017,164.93	696,135.50
LIABILITIES AND CAPITAL			
Accounts payable:			
Indemnities payable, estimated.....	\$45,180.89	\$87,087.47	—\$41,906.58
Returned checks unclaimed, canceled.....	3,854.66	4,582.55	—727.89
Due administrative funds.....	1,383.76	1,450.06	—66.30
Total accounts payable.....	50,419.31	93,120.08	—42,700.77
Deferred credits:			
Unapplied premium receipts.....	3,146.99	270,752.84	—267,605.85
Advance premium payments.....	2,172,603.35	2,436,411.42	—263,808.07
Total deferred credits.....	2,175,750.34	2,707,164.26	—531,413.92
Deferred income:			
1952 crop year premiums, net (less approved indemnity claims).....	6,032,266.43	2,433,820.45	3,598,445.98
Other liabilities:			
Provision for surety losses.....	25,000.00	25,000.00	-----
Provision for adjustments (1942-47 crop years).....	36,627.34	57,805.87	—21,178.53
Total other liabilities.....	61,627.34	82,805.87	—21,178.53
Total liabilities.....	8,320,063.42	5,316,910.66	3,003,152.76
Capital:			
Capital stock authorized.....	100,000,000.00	100,000,000.00	-----
Less: Unissued stock.....	73,000,000.00	73,000,000.00	-----
Capital stock outstanding.....	27,000,000.00	27,000,000.00	-----
Insurance reserves:			
Wheat.....	3,705,751.53	4,186,877.01	—481,125.48
Cotton.....	—3,553,336.40	—4,020,021.54	466,685.14
Flax.....	1,620,660.79	1,383,610.19	237,050.60
Corn.....	—774,064.89	684,871.07	—1,458,935.96
Tobacco.....	2,013,991.07	1,235,595.61	778,395.46
Beans.....	—431,848.90	—27,436.77	—404,412.13
Multiple crop.....	—1,018,008.67	232,353.36	—1,250,362.03
Citrus.....	81,614.07	-----	81,614.07
Undistributed.....	—251,521.59	24,405.34	—275,926.93
Total insurance reserves, exhibit A-1.....	1,393,237.01	3,700,254.27	—2,307,017.26
Total capital.....	28,393,237.01	30,700,254.27	—2,307,017.26
Total liabilities and capital.....	36,713,300.43	36,017,164.93	696,135.50



## Exhibit A-I

*Analysis of insurance reserves for crop years 1948, 1949, 1950, and 1951*

Commodity	Premiums	Indemnities	Surplus or deficit (-)	Loss ratio
Wheat.....	\$35,950,538.02	\$32,244,786.49	\$3,705,751.53	0.90
Cotton.....	7,528,339.76	11,081,676.16	-3,553,336.40	1.47
Flax.....	3,390,252.78	1,769,591.99	1,620,660.79	.52
Corn.....	2,872,516.21	3,646,581.10	-774,064.89	1.27
Tobacco.....	4,458,057.98	2,444,066.91	2,013,991.07	.55
Beans.....	424,063.86	855,912.76	-431,848.90	2.02
Multiple crop.....	3,415,822.74	4,433,831.41	-1,018,008.67	1.30
Citrus.....	81,614.07		81,614.07	
Total.....	58,121,205.42	56,476,446.82	1,644,758.60	.97
Other income and expense, net.....			-251,521.59	
Total insurance reserves (exhibit A).....			1,393,237.01	

## Exhibit B

*Comparative statement of insurance operations for crop years 1951 and 1950, as of June 30, 1952*

Item	Crop year		Increase or decrease (-)
	1951	1950	
Premiums:			
Wheat.....	\$11,253,598.56	\$8,394,167.50	\$2,869,431.06
Cotton.....	2,699,974.01	1,837,536.50	862,437.51
Flax.....	465,190.14	496,332.72	-31,142.58
Corn.....	1,109,956.02	740,681.36	369,274.66
Tobacco.....	1,600,003.90	1,462,120.38	137,883.52
Beans.....	193,299.32	103,425.65	89,873.67
Multiple crop.....	1,987,052.38	1,268,455.52	718,596.86
Citrus.....	81,614.07		81,614.07
Total.....	19,400,688.40	14,302,719.63	5,097,968.77
Indemnities:			
Wheat.....	11,738,328.00	4,287,650.51	7,450,677.49
Cotton.....	2,213,203.60	5,150,497.03	-2,937,293.43
Flax.....	226,198.12	205,288.63	20,909.49
Corn.....	2,565,459.28	910,644.96	1,655,824.32
Tobacco.....	783,967.68	886,348.60	-102,380.92
Beans.....	598,023.88	187,395.38	410,631.50
Multiple crop.....	3,235,222.61	1,175,123.15	2,060,099.46
Citrus.....			
Total.....	21,361,416.17	12,802,948.26	8,558,467.91
Premium surplus (-deficit).....	-1,960,727.77	1,499,771.37	-3,460,499.14
Other income and expense:			
Interest income.....	185,307.33	145,020.51	40,286.82
Storage income.....	138.72	42,236.58	-42,097.86
Nonrefundable credits.....	1,332.19	2,160.61	-828.42
Provision for uncollectible accounts.....	-186,248.59	-67,076.42	-119,172.17
Debt cancellations.....	-7,751.41	-4,523.58	-3,227.83
Cash discounts.....	-268,705.17	-196,460.67	-72,244.50
Surplus (-deficit).....	-2,233,654.70	1,421,128.40	-3,657,783.10
1951 surplus (-deficit) as above.....		-2,236,654.70	
1949 surplus (-deficit).....		-3,032,040.33	
1948 surplus.....		5,840,803.64	
Insurance reserves (exhibit A).....		1,393,237.01	

## Exhibit C

**Comparative statement of operating and administrative expenses  
for the 1952 and 1951 fiscal years, as of June 30, 1952**

Description	Fiscal year		Increase or decrease (-)
	1952	1951	
Operating and administrative expenses:			
Personal services.....	\$3,081,479.12	\$2,656,302.52	\$425,176.60
Travel.....	701,133.06	577,222.68	123,910.38
Transportation of things.....	16,613.75	14,735.27	1,878.48
Communication services.....	29,461.17	26,003.58	3,457.59
Rents and utility services.....	121,370.15	184,746.73	-63,376.58
Printing and reproduction.....	85,539.34	128,268.28	-42,728.94
Other contractual services.....	16,719.26	21,525.22	-4,805.96
Insurance contract sales commissions.....	347,267.68	434,402.84	-87,135.16
Coverage and rate analysis expense.....	128,750.00	111,029.11	17,720.89
Premium collection expense.....	215,401.50	227,106.36	-11,704.86
Contract sales and servicing expense.....	1,192,631.25	1,127,963.50	64,667.75
Audit expense.....	12,000.00	11,066.71	933.29
Supplies and materials.....	40,602.11	37,983.64	2,678.47
Social security contributions.....	15,808.38	6,180.20	9,628.18
Total expenses (excluding equipment purchases).....	6,004,836.77	5,564,536.64	440,300.13
Equipment purchases.....	21,323.11	25,118.44	-3,795.33
Total expenses.....	6,026,159.88	5,589,655.08	436,504.80

